

State of Michigan
John Engler, Governor

Department of Environmental Quality



Russell J. Harding, Director

INTERNET: <http://www.deq.state.mi.us>

**Drinking Water Revolving Fund
Final Intended Use Plan
Fiscal Year 1997/1998**

Prepared by:
**Municipal Facilities Section, Environmental Assistance Division
and Drinking Water and Radiological Protection Division**
April 1998

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I. INTRODUCTION

Governor John Engler signed legislation on June 17, 1997, to establish the **Drinking Water Revolving Fund (DWRF)** in Michigan. The laws, 1997 PA 26 and PA 27, establish the DWRF and designate the Michigan Department of Environmental Quality (DEQ) and the Michigan Municipal Bond Authority (MMBA) as administrators.

The DWRF provides low-interest loan financing to qualified water suppliers to construct and/or improve waterworks systems.

Public Act 26 of 1997 adds Part 54, Safe Drinking Water Assistance, to 1994 PA 451, Natural Resources and Environmental Protection Act. Public Act 27 of 1997 amends 1985 PA 227, the Shared Credit Rating Act.

This fund is similar to, but separate from Michigan's **State Revolving Fund (SRF) for wastewater**. This is an important distinction. The new DWRF allows the DEQ to apply to the U.S. Environmental Protection Agency (EPA) for capitalization grant funds. An earlier application for a partial capitalization grant to secure special set-aside funds from the Fiscal Year (FY) 1997 Federal appropriation was submitted to the EPA on September 17, 1997. A similar request for set-aside funds from the FY 1998 appropriation was prepared by the DEQ on January 30, 1998. Upon completion of this final Intended Use Plan (IUP) and Project Priority List (PPL), the DEQ will apply for capitalization grants for project funding from both FY1997 and FY1998 appropriations. At this time, the EPA has advised that loan assistance can only be made to existing public water suppliers. Until further clarification is provided, Michigan's DWRF cannot offer assistance to any entity which does not meet this definition.

While these two programs will run on parallel tracks, there will be differences in schedules and requirements. It is imperative that interested parties work with DEQ staff to increase their awareness of these differences. This IUP will focus from this point forward on the DWRF.

Michigan's DWRF program is available to qualified water suppliers to finance construction of their waterworks system projects. These may include, but are not limited to new wells, new water treatment plants, storage facilities, upgrades or expansions, transmission lines, pumping facilities, and other related waterworks system improvements. Suppliers must meet Federal and State program requirements, as well as demonstrate their ability to publicly finance their project.

The DWRF is a state-managed program. This IUP describes how the DEQ and the MMBA will jointly administer the DWRF during FY1998. The Municipal Facilities Section (MFS) of the Environmental Assistance Division (EAD) is charged with carrying out the program administration responsibilities. The Drinking Water and Radiological Protection Division (DWRPD) will assess project priority, issue necessary State permits, and offer technical review/assistance throughout project planning, design, and construction phases. Financial administration of the program will be handled by the staff of the MMBA.

The administrative contacts for the DWRF are:

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The EPA-Region 5 will offer guidance and conduct annual program oversight reviews to strengthen the management of the DWRF and to help ensure consistent application of Federal requirements. The EPA serves as a helpful partner in creating and maintaining this program.

The relationship between the DEQ, the MMBA, and the EPA is established in an Operating Agreement signed by authorized signatories from each agency. The Operating Agreement is incorporated into this IUP by reference and is available from the DEQ upon request.

The earlier IUP did not include provisions covering project funding. This revision to the IUP adds detail on specific project funding and the PPL. A Public Hearing for the revised IUP and the draft PPL was held on March 17, 1998 at 1:30 p.m. in the G. Mennen Williams Auditorium in Lansing, Michigan.

The DEQ certifies that it is recognized by the EPA as the primary agency for management of the drinking water program. The priority system was developed and will be carried out each fiscal year by staff of the DWRPD. The DWRF will not be as heavily capitalized as the SRF and we must first provide assistance to those projects which will have the greatest impact in facilitating safe drinking water supplies. It is important to ensure that the technical expertise developed by this staff will be used to assess project priorities.

II. STRUCTURE OF THE DWRF

It is the State's intent to operate the DWRF within a financing structure similar to the SRF. For water suppliers who are municipalities with bonding authority, this presents no significant challenges. The DWRF will sell tax-exempt revenue bonds to provide money which will be used to reimburse communities for incurred costs. As the DWRF reimburses suppliers, Federal funds from the capitalization grant and State funds from the grant match will be transferred into a debt service reserve account to provide coverage for the leveraged bond issue.

However, for water suppliers who are private entities, limitations on private activity for tax-exempt issues will be necessary. Loans from the DWRF will be offered under Part 54, 1994 PA 451 to private water suppliers who meet all other criteria for receiving funds. At this time, the DEQ and the MMBA plan to fund private water suppliers from money drawn directly into the DWRF. This would avoid contamination of the tax-exempt bond issue.

The schematic design of the flow of funds is included in the Operating Agreement.

One of the major differences between the SRF and the DWRF is the use of set-aside funds. The set-asides in the DWRF are derived from the overall capitalization grant awarded to the State by the EPA. Legal provisions now included in 1985 PA 227 permit the MMBA to establish accounts and sub-accounts within the DWRF to track revenues and expenditures for the set-asides. The set-asides for program and other activities will be directly administered by the DWRPD. Staff of the DWRPD will also be responsible for the technical assistance activities, except for those funds made available to subsidize loans to disadvantaged communities. The administrative set-aside will be managed by the MFS.

The following is a list of potential set-asides identified in Section 1452 of the Federal Safe Drinking Water Act:

DWRF Administration - 4 percent

Technical Assistance - 2 percent

Program Set-asides - 10 percent

- Public Water System Supervision
- Source Water Protection
- Capacity Development
- Operator Certification

Other Activities - 15 percent, not to exceed 10 percent for any one activity

- Loans for Source Water Protection
- Assistance for Capacity Development
- Source Water Assessment
- Implement Wellhead Protection

It is imperative to note that the program set-asides require a one-for-one State match, in addition to the regular 20 percent State match calculated on the entire amount of the Federal capitalization grant. Thus, money diverted to these set-asides will demand a heavier investment of State or local funds.

III. ADVANTAGES OF THE DWRF

The primary advantage for Michigan water suppliers will be their ability to borrow funds at rates well below market. The DWRF interest rate is established prior to each new fiscal year. As identified in Part 54, 1994 PA 451, determination of the interest rate is based on demand, market conditions, program costs, and future needs. Since a portion of the State match in any given fiscal year may be financed with State Revenue Match bonds, the upcoming year's interest rate must also account for the expense incurred in securing these bonds. The interest rate for FY1998 loans was established by the Director of the DEQ at 2.5 percent.

Apart from the low interest rate, suppliers also benefit from the DWRF in that they can finance all eligible waterworks system costs. The major benefit results from the fact that water supply financing in the past has always been left to the local units of government or private entities. Historically, there has been no significant State financial assistance available to local officials in meeting water supply needs. This DWRF will provide an on-going source of funding to maintain or improve drinking water quality and public health.

IV. LONG-TERM GOALS

Michigan's DWRF establishes a new funding source designed to protect and preserve public health within the State's boundaries. Michigan's geographical identity as a Great Lakes State affords its citizens with an abundant and high quality water resource from which to draw its drinking water. Unlike many states, Michigan water supplies are plentiful and periods of restricted use are few and far between in most communities.

Given our abundant water resource, the greater challenge for water suppliers lies in protecting the high quality of the resource as well as ensuring that adequate volume and pressure exist to deliver potable water to the customer.

Given the limitations on pooled capital, the DEQ will work toward establishing tighter integration of the Federal/State/local partnership. The DEQ continues to examine ways to work together with various Federal and State agencies, such as the Rural Utility Service, Housing and Urban Development, and the Michigan Jobs Commission, so that we may collectively fund applicants and maximize use of our capital pool and achieve our stated goals.

Such partnerships will ultimately benefit everyone. Industry, tourism, and day-to-day quality of life are strengthened when our most valuable natural asset is preserved and made available for our use and enjoyment. To this end, Michigan's DWRF seeks the following:

- A. To achieve and maintain state-wide compliance with all applicable State and Federal drinking water laws, rules and standards.

- B. To protect the public health and environmental quality of our State.
- C. To develop and commence a source water assessment and a wellhead protection program.
- D. To develop strategies within the DWRF to assist smaller, economically disadvantaged communities in meeting drinking water standards.
- E. To promote the DWRF as a viable tool for use by Michigan water suppliers in financing their waterworks system improvements or upgrades.
- F. To secure Michigan's full share of Federal funding and to expeditiously obligate these moneys, along with the State contributions, for the construction of eligible facilities which meet State and Federal requirements.
- G. To develop effective partnerships with other Federal and State financing sources to promote efficiency in environmental review procedures and coordination of funding.

V. SHORT-TERM GOALS

In order to accomplish the long-term goals, we must also focus on more immediate objectives. Therefore, our short-term goals in FY1998 are:

- A. To continue our outreach effort to publicize the DWRF through direct mail, electronic media, newsletter publication, workshops, and direct meetings.
- B. To promote the disadvantaged community assistance.
- C. To staff up and develop implementation plans for source water protection focused on state-wide surface water assessments and ground water assessments in areas tributary to the Great Lakes.
- D. To enhance the State's wellhead protection program.
- E. To identify and establish a technical assistance program for small communities.
- F. To fund projects identified in this revised IUP, enabling them to proceed with construction of facilities included in their adopted project plans during the third and fourth quarters of FY1998.

VI. ALLOCATION OF FUNDS

Allocation of funds among eligible uses is based on a three-step process. First, the DEQ identifies the sources of funds and the spending limits for the DWRF within the given fiscal year. Next, a determination of the type and amount of financial assistance necessary for each supplier is made. Finally, funds are allocated among the projects consistent with amounts available and the projects' priority standing. The loan commitments for project funding will not occur until we receive the capitalization grant dedicated to making loans.

The following information reflects the estimated sources of funds from FY1997 and FY1998 appropriations:

From FY1997:

FY1997 Title IX Funds	\$59,681,100
FY1997 State Match	\$11,936,220
Anticipated Earnings	0
Released Funds (from Debt Service Reserve)	0
Repayments of Principal to DWRP	0
Repayments of Interest to DWRP	0
Total Sources of Funds from FY1997	\$71,617,320

From FY1998:

FY1998 Title IX Funds	\$20,951,400
FY1998 State Match (Regular)	\$ 4,190,280
FY1998 Program Set-aside Match (in-kind)	\$ 875,000
Anticipated Earnings	0
Released Funds (from Debt Service Reserve)	0
Repayments of Principal to DWRP	0
Repayments of Interest to DWRP	0
Total Sources of Funds from FY1998	\$26,016,680

Earlier in FY1998, Michigan's DWRP capitalized set-asides for administration (4 percent), small community technical assistance (2 percent) and source water assessments (10 percent) through award of the first EPA grant to the DEQ for drinking water. This grant award occurred on December 16, 1997 and totaled \$9,548,796 in Federal funds, with a State match of \$1,909,759. The breakdown is as follows:

DWRP Administration	\$2,387,244
Technical Assistance	\$1,193,442
Source Water Assessment	\$5,968,110

An application for a capitalization grant for set-asides resulting from FY1998 Federal appropriations was also submitted by the department to the EPA on January 30, 1998. This application requested \$3,132,084 in Federal funds, with a \$1,501,417 State match. This match consists of \$875,000 from an in-kind contribution credit against the Public Water Supply Supervision (PWSS) program administered by the DWRPD, and a \$626,417 cash contribution from the State's general fund. The in-kind match meets the dollar-for-dollar requirement for source water protection, capacity development, and operator certification. The cash match meets the overall 20 percent program match requirement. The breakdown is as follows:

DWRP Administration	\$ 838,056
Technical Assistance	419,028
Public Water System Supervision	0

PROGRAM SET-ASIDES (TOTAL \$875,000)

Source Water Protection	225,000
Capacity Development	450,000
Operator Certification	200,000
Wellhead Protection	1,000,000

Total sources of funds available for all DWRP uses are expected to equal \$97,634,000 in FY1998. \$16,092,056 will be distributed through set-asides, and \$6,541,944 will be reserved for "as-bid" increases occurring for fundable projects. Therefore, the amount available for loans to local water suppliers is expected to be \$75,000,000.

This amount will not be available to Michigan's DWRP in future years. The set-aside and project loan allocations in FY1998 combine Federal appropriations for three years. Congress originally appropriated money for the drinking water program prior to re-authorizing the Safe Drinking Water Act. FY1996 appropriations were re-allotted into the FY1997 sum, increasing it substantially. In addition, the FY1998 appropriation passed and added even more Federal funds. Therefore, the capital pool for the fiscal year covered by this IUP is much greater than normal. In future years, Michigan expects only \$20-25 million annually.

The governor of each state may, at his or her discretion, transfer 33 percent of available moneys between the SRF and the DWRP programs. This may occur starting one year after a state receives its first capitalization grant for project funds. Thus, this option is not available during the period covered by this IUP.

VII. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS - SET-ASIDES

The DEQ has established the percentages for using the set-asides based on what it believes is implementable within the fiscal years addressed by this IUP. The split of moneys is structured to meet not only expected needs (i.e. 4 percent for administration), but also targeted programs to help suppliers prepare themselves to qualify for DWRP loans (technical assistance funds used to defray planning loans).

Unlike the Clean Water SRF where there was history of need to fall back on, the DWRP is new for all members of the Federal/State/local partnership. DEQ has taken effort to conservatively identify set-asides during these initial years to avoid over-commitment while the new program is in the "shake down" period. To accomplish this, the State proposes the following breakdown for FY1997 and 1998.

Proposed Set-Asides from the FY1997 Appropriation- 16 Percent Total

- 4 Percent Administration**
- 2 Percent Technical Assistance**

The 2 percent Technical Assistance set-aside from FY1997 Federal funds amounts to \$1,193,622. None of these funds were spent in FY1997.

Beginning in FY1998, the DEQ will contract with technical service providers for various types of technical assistance to public water suppliers serving a population less than 10,000. The technical assistance will include operator training, direct on-site technical assistance for system operation, and assistance with documents and procedures to apply for DWRF assistance. The projected amount is \$175,000.

The DEQ will also use technical assistance set-aside funds to the extent funds are available, to pay for project planning costs for disadvantaged communities with less than 10,000 people who apply for DWRF assistance. The projected amount is \$1,018,622.

The administration and technical assistance set-asides taken from the FY1997 capitalization grant will be combined with FY1998 set-aside funds for reimbursements expected in FY1998.

10 Percent Source Water Assessment

The 10 percent Source Water Assessment set-aside from FY1997 Federal funds amounts to \$5,964,000. None of these funds were spent in FY1997.

Beginning in FY1998, the DEQ will hire staff and establish contracts for implementing a state-wide Source Water Assessment Program. The projected amount is \$1,100,000. The remaining Source Water Assessment funds will be used in FY1999, 2000, and 2001 to complete the program.

Michigan is in the process of establishing the strategy for a state-wide Source Water Assessment program. Federal guidance has just been issued and State staff have been participating in national meetings to discuss and consider alternatives. Michigan is also preparing a preliminary White Paper for distribution to EPA offices. The Michigan Source Water Assessment program will have to be submitted and approved by the EPA in accordance with the Federal Safe Drinking Water Act.

The Michigan Source Water Assessment program will have to address over 10,000 non-community public water supplies in addition to the estimated 1,500 community public water supplies. Recognizing the scope of this task, the program will have to be specific to Michigan needs, establishing clear priorities for the work to allow completion within the allowable time and with the available resources. Michigan has a strong commitment to a Source Water Assessment program strategy which benefits all users of water resources, both public and private.

Proposed Set-Asides from the FY1998 Appropriation - 14.9 Percent Total

4 Percent Administration 2 Percent Technical Assistance

The same activities described for use of the earlier technical assistance set-aside will be used in FY1998. The total projected amount for the FY1998 set-asides is \$419,028. Combined with amounts carried over from FY1997 Federal funds, the total available for use during FY1998 totals \$1,612,650.

Program Set-Asides - 4.2 Percent

The DEQ intends to begin two new programs and provide expansion of an existing program in FY1998 using three program set-asides. The additional required matching funds will be provided through the PWSS program from State General Fund and Restricted Fund (Fee) revenue. Following is a breakdown of the \$875,000 projected amount:

Capacity Development - Through new staff and contracts, the initial elements of a State program will be identified, including public participation, and program options will be identified.

Capacity development means assessing the technical, financial, legal, institutional and managerial capability of public water supplies. The requirement to perform capacity assessments applies to DWRP applicants and to new community and non-transient non-community public water supplies.

Federal guidance will be used when available. Administrative rules will be required. The scope of the community development program will be identified. If procedures are proposed, they will be field tested at volunteer public water systems. The projected amount is \$450,000.

Source Water Protection - Through new staff and contracts, the initial elements of a well abandonment program will be identified, including public participation, and program options will be identified. The State will use existing definitions and authority in the Michigan Safe Drinking Water Act and Public Health Code to implement this program.

Close cooperation with local health departments will be essential to coordinate the program with existing work now provided by local health departments through a 50/50 cost sharing agreement with the State. Abandoned wells represent a major threat to the groundwater resources of the State. The projected amount is \$225,000.

Operator Certification - The EAD will administer the program. The additional money will support new program activities to expand the scope of the existing operator certification program to include all community water supplies and non-transient non-community water supplies in accordance with expected new Federal guidance. Operator training is also a part of this program. State administrative rule revisions will be required.

No new permanent staff have been authorized for this initiative in the State budget process. Therefore, money will be allocated by the DEQ to best meet program needs. Expected uses include limited term staff; updated computer systems for compliance tracking; development of new exams and procedures for non-community operators; and purchase of exam materials and grading services through third-party vendors. The projected amount is \$200,000.

Wellhead Protection (Section 1452(k)) - 4.7 Percent

The DEQ will initiate a Wellhead Protection Program enhancement involving matching grants to public water suppliers to provide additional incentive for local participation in the existing voluntary Wellhead Protection State Program. Wellhead protection training will be increased and educational materials developed for distribution to public water suppliers, local health departments, and the public. Administrative rules will be required. The projected amount is \$1,000,000.

State Staffing for Program Administration

The DEQ expects to receive authorization to add staff for implementation of the DWRP and the new initiatives funded through set-asides, through the FY1998 State budget process, as follows:

DWRP Administration	Four FTEs for the EAD Three FTEs for the DWRPD
Operator Certification	Zero FTEs for the EAD
All other programs funded through set asides, including technical assistance; source water assessments; source water protection (well abandonment); capacity development; and wellhead protection	Seven FTEs for the DWRPD

VIII. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS - PROJECT LOANS

Michigan's DWRP will commit loans for qualified projects on the basis of project plans that were submitted to the MFS by January 2, 1998. Plans were reviewed by staff of the DEQ to ensure compliance with Section 5405, 1994 PA 451, before being placed on the Project Priority List (PPL) and included in this IUP for FY1998.

The DWRP must, to the maximum extent practicable, give priority to projects that:

- address the most serious risks to human health
- are necessary to ensure compliance with the requirements of the Federal Safe Drinking Water Act
- assist systems most in need according to the State's affordability requirements

Michigan's priority system takes these factors into account in the assignment of priority points. Acute violations receive a larger number of points than any other category. In fact, standards compliance offers over 41 percent of a project's total possible points. All factors point to the need for the project to comply with Federal drinking water requirements, and affordability is addressed by the award of additional points for disadvantaged community status and in the ultimate tie-breaker. Michigan's priority system is detailed in section 5406, 1994 PA 451.

As a result of the DEQ's review, 28 projects totaling \$71,645,000, which are expected to proceed this fiscal year, are included on the FY1998 PPL. Staff also identified 13 proj-

ects and/or segments which will be considered for funding in the future. Thus, 41 different projects totaling \$117,110,000, are identified on Part I of the PPL, along with a brief description, their total priority points, population to be served, targeted binding commitment date, and targeted binding commitment amount. Part II of the PPL identifies the appropriate categories in which each project received points.

The FY1998 PPL is included as part of the IUP and was presented as part of the public hearing.

Section 1452(a)(2) of the Federal Safe Drinking Water Act requires the State to first make available 15 percent of all funds annually credited to the DWRP for financial assistance to water suppliers serving fewer than 10,000 persons. For FY1998, Michigan must reach or exceed \$14,645,100 to satisfy this requirement. The projects currently on the PPL which do not exceed 10,000 persons and which are expected to proceed in FY1998 would receive \$42,465,000. This amount is well in excess of the small community assistance requirement.

Sufficient funds are available during this fiscal year for all water suppliers included on the PPL. If the project's progress is delayed beyond the date necessary for a fourth quarter loan commitment, funds for its use will be carried over into the next year. The DEQ staff will continue to work with any community who cannot close its loan during FY1998 to ensure that it will be ready to proceed during FY1999.

All projects are reviewed and scored based upon the priority system outlined in Part 54. Funds are made available for commitment based on the priority ranking and projects will only be taken out of order to satisfy requirements for small community assistance.

Employing the criteria found in section 5415, 1994 PA 451, the director of the DEQ established the rate of interest for public water supply loans at 2.5 percent. The term of the loan will run up to 20 years for most projects. Those suppliers meeting disadvantaged criteria will, however, be able to extend their terms for up to 30 years.

Part 54, 1994 PA 451, also permits suppliers serving less than 10,000 persons to receive reimbursement of project planning costs upon delivery of an approvable project plan to the DEQ. However, municipal borrowing statutes were found to limit any public debt, absent the sale of municipal bonds. Such a sale for reimbursement of planning costs alone would create substantial expense for the water supplier. The DEQ and the MMBA are working on this issue. Once resolved, the DEQ will reimburse project planning costs to any qualifying supplier.

IX. DISADVANTAGED COMMUNITY STATUS

Disadvantaged community status is determined by the DEQ based on information submitted with a supplier's project plan. To qualify, an applicant must first meet the definition of "municipality" found in Part 54. Next, the updated median annual household income (MAHI) of the area to be served must be less than 120 percent of the State's updated MAHI. Finally, the costs of the project must be borne by the customers in the service area. If costs are spread over a larger area, then that area must demonstrate that it meets the poverty or affordability criteria.

Once these conditions are met, a community will be afforded the disadvantaged community status if one of the following is true:

- More than 50 percent of the area to be served by the proposed project is identified as a poverty area by the U.S. Bureau of the Census.
- The updated MAHI of the area to be served is less than the most recently published Federal poverty guidelines for a family of four in the contiguous United States.
- The updated MAHI is less than the updated state-wide MAHI and the annual user costs for water supply exceed 1.5 percent of the service area's MAHI.
- The updated MAHI is more than the updated state-wide MAHI and the annual user costs for water supply exceed 3 percent of the service area's MAHI.

The major benefits for qualified communities include extension of loan terms to 30 years, 50 additional priority points, and assistance to help defray the costs of preparing project plans.

A complete discussion of the disadvantaged community status may be found in a guidance document prepared by the department to more fully explain how a supplier can achieve the status and benefit by it.

For FY1998, two water suppliers qualified as disadvantaged communities. They are White Cloud and Ontonagon.

X. EPA AUTOMATED CLEARINGHOUSE ACTIVITIES

The EPA employs an Automated Clearinghouse (ACH) to make disbursements of Federal funds to the DWRP. Michigan will comply with this system and deposit funds drawn from it into appropriate accounts set up for the DWRP.

In FY1998, Michigan anticipates drawing FY1997 capitalization grant funds from the ACH according to the following schedule:

1st Quarter	-	\$9,548,796	Request drawn in December, 1997
2nd Quarter	-	\$3,132,084	Request drawn in March, 1998
3rd Quarter	-	\$15,000,000	Request processing in May, 1998
4th Quarter	-	\$-0-	Request processing in August, 1998

As project costs (or program administrative costs) are incurred, one request for disbursement may be submitted by the local project's authorized representative (or State agencies) each month. The request for disbursement of funds will be sent directly to the DEQ, who will then process the request as part of a weekly draw request. Upon delivery to its office, the MMBA will execute the fund drawdown electronically by transferring money from the Federal ACH and State accounts. These amounts are drawn at 83.3 percent and 16.7 percent, respectively, except for program set-asides which may require different ratios. Where different ratios are required due to additional Federal match

requirements, the EPA and the State will agree to a negotiated fixed percent to simplify the draw process. Adjustments can be made annually to resolve differences in grant balances.

Moneys will be automatically deposited into the debt service reserve account of the DWRP, while funds are electronically wired to a municipal water supplier's bank from a DWRP account which holds funds from a taxable State issue. For private water suppliers, the funds will be transferred from direct Federal and State capitalization amounts established specifically for the purpose of reimbursing their eligible project costs.

XI. ASSURANCES

The final guidelines from the EPA set forth provisions that the State must provide certain assurances in order to qualify for capitalization grant funding. Such assurances are incorporated into the Operating Agreement and are included here by reference.

XII. PUBLIC REVIEW AND COMMENT

In order to satisfy public participation requirements, the DEQ conducted a public hearing to discuss the project portion of the IUP dealing with amounts available for loans on March 17, 1998 at 1:30 p.m. in Lansing, Michigan. This hearing was announced in the Detroit Legal News, the Lansing State Journal, and the Marquette Mining Journal, posted on the DEQ calendar of events, mailed to all persons and engineering firms on our newsletter mailing list, and individually noticed to each water supplier on the FY1997/1998 PPL. These sources adequately promoted the hearing to ensure maximum public input from those interested in the DWRP. The hearing afforded stakeholders and other interested parties an opportunity to hear and comment on how the DEQ plans to disburse the project loan funds. All comments were responded to upon the close of the hearing record.

Questions about the IUP may be directed to:

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XIII. ORIGINATION OF DOCUMENTS

The Chief of the Environmental Assistance Division, Department of Environmental Quality is responsible for issuing the IUP. The IUP and its accompanying information were prepared by Mr. Edward Moyer, Chief of the Technical Support Unit. It is a collaborative effort of DWRPD and EAD/MFS staff who provide data for its development. Questions specific to the structure or content of text or numbers may be directed to Mr. Moyer's attention at the address listed above.



Michigan Drinking Water Revolving Fund
 Final Fiscal Year 1998 Project Priority List By Rank - Project Information

RANK	PROJ NO.	COUNTY	WATER SUPPLIER	PROJECT DESCRIPTION	POPULATION	TOTAL POINTS	BIND. COMM. DATE	BIND. COMM. AMT.
PROJECTS WITH PRIOR YEAR SEGMENTS								
PROJECTS WITHOUT PRIOR YEAR SEGMENTS								
1	7027-01	Ontonagon	Ontonagon	New WTP, conn main, main ext for consol	3,446	915	08/27/98	\$14,150,000
2	7012-01	Gogebic	Gogebic Range	New well fld, conn main, main ext for consol	13,413	900	08/27/98	\$1,560,000
3	7026-01	St Clair	Algonac	New intk crib, ps, flrt, grd strg tank, main ext	12,400	690	08/27/98	\$6,940,000
4	7001-01	Oakland	Wixom	Seg 1; Dist ext, elv strg tanks	11,487	625	08/27/98	\$3,750,000
4	7001-02	Oakland	Wixom	Seg 2; Dist ext, looping, main ext	11,487	625	future	\$7,500,000
4	7001-03	Oakland	Wixom	Seg 3; Main ext, ps, tie in to DWSD	11,487	625	future	\$6,500,000
5	7028-01	Benzie	Frankfort	Repl mains, new well, grd strg tank, upgrd ps	1,546	605	08/27/98	\$2,200,000
6	7006-01	Genesee	Otisville	New well, conn main	724	570	05/27/98	\$750,000
7	7013-01	Jackson	Summit Twp.	2 new wells, elv strg tank, looping, main ext, dist ext, tie in (3) to Jackson	21,354	540	08/27/98	\$6,070,000
8	7023-01	Lenawee	Blissfield	Repl WTP, new intake, raw wtr stg	3,520	530	08/27/98	\$5,200,000
9	7021-01	Washtenaw	Saline	Seg 1; Main repl, new well, conn main	7,866	505	05/27/98	\$1,375,000
9	7021-02	Washtenaw	Saline	Seg 2; Main repl, looping, press valves, elv tank	7,866	505	future	\$2,230,000
10	7008-01	Newaygo	White Cloud	WTP, strg tank repl, main repl, looping	1,147	495	08/27/98	\$1,130,000
11	7011-01	Kent	Rockford	2 new wells, Fe remv, main repl, looping	4,200	455	08/27/98	\$1,740,000
12	7016-01	Oakland	Oxford Twp.	Tie in to DWSD	2,738	445	08/27/98	\$2,100,000
13	7042-01	Lapeer	Dryden	Repl mains, looping, new well	630	420	08/27/98	\$1,370,000
14	7014-01	Oakland	Oxford	Repl mains	3,347	405	08/27/98	\$2,240,000
15	7010-01	Chippewa	Sault Ste Marie	Seg B; Repl mains, looping	14,689	340	08/27/98	\$4,420,000
15	7010-02	Chippewa	Sault Ste Marie	Seg C; Repl mains, looping	14,689	340	future	\$5,920,000
15	7010-03	Chippewa	Sault Ste Marie	Seg D; Repl mains, looping	14,689	340	future	\$2,390,000
15	7010-04	Chippewa	Sault Ste Marie	Seg E; Repl mains, looping	14,689	340	future	\$7,070,000
16	7015-01	Genesee	Flushing	Repl mains	8,500	330	08/27/98	\$2,000,000
17	7022-01	Washtenaw	Manchester	Repl mains, looping, det tank	2,198	320	08/27/98	\$720,000
18	7039-01	Macomb	Mt. Clemens	Segment 1; Repl mains, looping	19,426	315	05/27/98	\$940,000
18	7039-02	Macomb	Mt. Clemens	Segment 2; Repl mains, looping	19,426	315	future	\$3,600,000
18	7039-03	Macomb	Mt. Clemens	Segment 3; Repl mains, looping	19,426	315	future	\$1,500,000
19	7017-01	Washtenaw	Y.C.U.A.	Repl mains	46,000	315	08/27/98	\$4,300,000
20	7031-01	Ottawa	Hudsonville	Repl mains	7,000	305	08/27/98	\$425,000
21	7005-01	Ingham	Lansing Twp.	Segment 1, Repl mains, purchase mains; looping	5,000	305	08/27/98	\$415,000
21	7005-02	Ingham	Lansing Twp.	Segment 2, Repl mains, purchase mains; looping	5,000	305	future	\$970,000
22	7036-01	Saginaw	Carrolton Twp.	Phase 2; Repl mains	6,523	305	future	\$970,000
23	7037-01	Saginaw	Carrolton Twp.	Phase 3; Repl mains	6,523	305	future	\$1,015,000
24	7004-01	St Clair	Marine City	New elev strg tank	6,316	305	08/27/98	\$1,150,000
25	7030-01	Ottawa	Coopersville	Repl mains	3,400	305	08/27/98	\$620,000
26	7018-01	Saginaw	Carrolton Twp.	Phase 1; Repl mains	6,523	305	05/27/98	\$3,455,000
27	7034-01	Washtenaw	Saline	New well, fltr	7,866	305	future	\$3,800,000
28	7029-01	Van Buren	Paw Paw	Repl mains, looping	3,169	295	08/27/98	\$690,000
29	7002-01	Graiot	Breckenridge	New well, conn main	1,300	270	08/27/98	\$280,000
30	7024-01	Macomb	Mt. Clemens	Seg 1; WTP upgrd, sed basin imp	19,426	240	08/27/98	\$1,200,000
30	7024-02	Macomb	Mt. Clemens	Seg 2; WTP upgrd, disinf	19,426	240	future	\$2,000,000
31	7032-01	Ottawa	Polkton Twp.	Dist ext	134	235	05/27/98	\$455,000
							TOTAL \$	\$117,110,000